The Rural Economic Development Loan & Grant (REDL&G) program provides funding for rural business and community development projects through local utility organizations. As the program name implies, there are two components to the program. One part is a loan to the utility which is in-turn loaned to the project. The other, a grant to the utility for the purpose of creating or enhancing a revolving loan fund. While this program is a small part of USDA RD funding, its impacts are huge as REDL&G is often the only financial assistance tool that a rural area has to facilitate business and community development projects.

**What is needed?**

The REDL&G program is funded through the RUS “Cushion of Credit” and additional loan guarantee fees paid by rural utility borrowers. However, the program requires annual appropriation which has been insufficient to meet growing Iowa and national demand. Program funding has been largely stagnant nearly from the program’s inception in 1989.

Presently the REDG (grant) authorization is $9 million, and loan authorization is $46 million. Due to increased demand and loan maximums, it has been conservatively calculated that to encourage and meet growing national demand, program appropriation for REDL requires $75 million and REDG needs to be $15 million.

**Iowa REDL&G Awards (Through 2019)**

- 347 Awards
- $90M in REDLs
- $54M in REDGs
  - $64M in RLFs created including $10M of local matching funds

**REDL&G Impacts in Rural Iowa**

- $1.2B in project investment
- Over 22,000 jobs created/retained

**Iowa RLF Results (Through 2018)**

- Iowa utilities have contributed over $10M of matching funds to RLFs
- IADG members have created 67 RLFs capitalized at $64 million
- 1,050 Subsequent loans totaling over $93 million
- 13,391 Total jobs created & retained
- $776 Million total investment for Iowa

**Rural Economic Development Loan Program (REDL)**

Using the REDL program, the rural utility applies for a 0% interest loan on behalf of a business expansion or community development project which creates jobs or provides other benefits to the rural community. When awarded, USDA RD provides a zero-interest loan to the utility or “Intermediary” which they, in turn, loan to the local business or community project, which is also known as the “Ultimate Recipient”. The ultimate recipient repays the loan to the lending utility directly. The utility is responsible for repayment to USDA RD.

**Rural Economic Development Grant Program (REDG)**

Using the REDG program, the rural utility applies for a grant to establish or enhance a revolving loan fund (RLF) and agrees to provide matching funds of 20% which are permanently contributed to the RLF. The first loan from the RLF is made at zero-interest to a non-profit organization for purposes of a community development project such as a hospital expansion or school renovation. As the initial loan is repaid, it returns to the RLF which is administered by the rural utility. The utility can then loan these “revolved” funds out to rural business expansion or other community development projects at low interest, filling a financing gap and facilitating economic development projects in rural areas.
## REDL&G and RLF Success Stories

### Continental Manufacturing Chemists, Huxley (REDL)
This project included the purchase and build-out of the 88,000 sq. ft. speculative building, allowing them to increase their footprint 2.5 times. This extra space accommodated larger-sized modern equipment, resulting in a more efficient operation and projected triple production outputs.

### Boman Fine Arts Center, Forest City (REDL)
This new nearly 30,000 sq. ft. fine arts center is an exciting addition to the community of Forest City. The venue houses a 600-seat theater with an orchestra pit and stage; art gallery; and 200-seat banquet hall. The facility is located next to Waldorf University, who operates and manages the fine arts center.

### Shell Building in Perry (REDG)
New construction of a 30,000 sq. ft. shell building, located in the "Certified" 151-acre Perry Industrial Park. This customizable building is expandable, has a 30 ft. ceiling and gravel floor, allowing for modifications to meet buyer needs. This building provides much needed industrial space in Perry.

### Grundy County Memorial Hospital (REDG)
This $7.5 million renovation project included the addition of three exam rooms, centralized registration, and a private Women’s Health area to provide radiology services. The renovation also allowed for reconfiguration, freeing up valuable space and allowing for an expansion of the hospital’s specialty clinics.

### Disaster Recovery Assistance, Marshalltown (RLF)
In response to July tornadoes in central Iowa, Consumers Energy Cooperative, Heart of Iowa Communications Cooperative, and Marshall Economic Development are providing interest-free $5,000-$10,000 microloans to businesses affected by the tornado to help with short-term capital needs.

### Stanton Viking Center, Stanton (REDG)
The Stanton Viking Center was a new multi-purpose community center housing a preschool, library, wellness center, walking track, gymnasium, community room and 625-person tornado shelter. Stanton was featured on NBC Nightly News with a human chain of 400 people moving books from the old to new library.

### Co-Line Welding, Inc., Mahaska County (REDL)
This project supported the addition of 120,000 sq. ft. to their existing facility and of the manufacturing operation to maximize productivity and accommodate new equipment and systems. Additions included a new paint system, paint preparation and recycling system, training center, facility upgrades and technology improvements.

### Bricker-Price Block Building, Earlham (REDG)
Renovation of a historic building built in 1900 into an innovative arts and entertainment venue providing space for a social club, teen center, restaurant and more. It is modeled after the successful Des Moines Social Club and has a possibility of shared programming between the two venues.

### Sioux County Regional Airport (REDG)
This airport is located between Sioux Center and Orange City, and replaces existing municipal airports in Sioux Center, Orange City and Hawarden. This project supported a Medium Intensity Approach Lighting System with Runway Indicator Lights, (MALSR), increasing runway safety and allowing planes to land in difficult conditions.

### Opera House Renovation, Corning (RLF)
Built in 1902, the Corning Opera House was restored from roof to basement and now houses the Corning Opera House Cultural Center. It can seat up to 400 people and accommodates all types of gatherings large and small for the community of Corning and the surrounding area.

### Van Buren Community School District (REDL & REDG)
This project supported the renovation of the middle/high school in Keosauqua. Improvements included creating extra essential classroom space, technology improvements, HVAC upgrades, security cameras and other facility upgrades necessary to provide a high-quality learning experience.

---

**Contact:**
**Bruce Nuzum, Sr. V.P. Finance & Operations**
**Iowa Area Development Group**

Call: 800-888-4743
Email: bnuzum@iadg.com

**Help Keep Rural Iowa Growing!**